

Message Text

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C O N F I D E N T I A L SAN JOSE 4190

LIMDIS

E.O. 11652: GDS
TAGS: TINT
SUBJECT: ALVAREZ SEEKS MEETING WITH SEC

REF: SAN JOSE 3783

1. ALBERTO INOCENTE ALVAREZ, FORMER CUBAN FOREIGN MINISTER AND COMMERCE MINISTER AND FOR THE PAST 15 YEARS JOSE FIGUERES FRIEND AND SOMETIME BUSINESS ASSOCIATE, INVITED AN EMBOFF TO HIS HOME OCTOBER 31 TO REQUEST AND DISCUSS ARRANGEMENTS FOR A MEETING BETWEEN HIM AND OFFICIALS OF THE SECURITIES AND EXCHANGE COMMISSION. DURING THE COURSE OF MORE THAN THREE HOUR CONVERSATION, IN WHICH ALVAREZ TALKED AND EMBOFF MOSTLY LISTENED, ABOUT VESCO AND MCALPIN IN COSTA RICA WITH MANY FLASHBACKS ABOUT CUBA THAT WENT BACK TO THE 1930S, HE PROVIDED USEFUL AND INTERESTING INSIGHTS INTO THE VESCO ENTANGLEMENT IN THIS COUNTRY. THESE WILL BE INCORPORATED INTO A MEMORANDUM OF CONVERSATION TO BE PROVIDED.

2. ALVAREZ' DESIRE TO MEET WITH THE SEC SEEMS TO REFLECT SEVERAL CONSIDERATIONS. (1) HE IS GENUINELY CONCERNED THAT SOME PHYSICAL HARM WILL RESULT TO HIM OR HIS FAMILY FROM VESCO SOURCES IN CONNECTION WITH ALVAREZ' TENTATIVE PLAN TO BRING A PENAL SUIT AGAINST VESCO IN COSTA RICA.

(THIS SUIT WOULD BE BASED UPON VESCO'S ALLEGED FAILURE TO
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DELIVER ON A PROMISE TO INVEST \$60 MILLION IN INTER-
AMERICAN CAPITAL S.A. ALVAREZ READ PORTIONS OF AN AFFIDAVIT

ATTESTING THAT LEBLANC HAD MADE SUCH A LEGAL COMMITMENT.) (2) ALVAREZ IS SUFFICIENTLY PROUD OF HIS NAME AND PLACE IN HISTORY NOT TO WANT IT TO BE DRAGGED THROUGH THE SCANDAL THAT HE SEES ON THE VERGE OF BREAKING OVER VESCO. (HE SAID VESCO IS ON THE ROPES IN THE 15TH ROUND OF THE FIGHT.) (3) HE SAYS THAT HE CAN COUNT ON LITTLE HELP FROM DON PEPE, FON MIN FACIO OR PRESIDENT ODUBER AS LONG AS THEY BELIEVE THE "ORANGE CAN BE SQUEEZED A LITTLE MORE". (ALVAREZ SAID THAT, KNOWING OF FACIO'S INVOLVEMENT WITH VESCO, HE WAS CONCERNED THAT FACIO MIGHT HAVE SOME OBJECTIONS, BUT THAT FACIO HAD CONCURRED JUST THAT MORNING IN HIS GOING TO THE SEC.)

3. ALVAREZ SAID THAT HE WOULD MAKE AVAILABLE TO THE SEC HIS COMPLETE FILES ON VESCO AND HIS LIEUTENANTS' FINANCIAL INVOLVEMENT IN COSTA RICA AND WOULD SPEND AS MUCH TIME TALKING TO THEM AS THEY DESIRED. THE ONLY THING THAT HE SAID HE WOULD NOT DO, AND HE REPEATED THIS SEVERAL TIMES, WAS TO IMPLICATE PEPE FIGUERES OR SAY ANYTHING THAT WOULD BESMIRCH HIS NAME. HE STRESSED THAT THE SEC SHOULD NOT EXPECT THIS FROM HIM.

4. ALVAREZ IS FLEXIBLE ABOUT THE TIMING OF HIS MEETING WITH THE SEC. HE DISLIKES THE IDEA OF MEETING IN FLORIDA BECAUSE HE SAYS HE WOULD BE OBLIGED TO WORK THROUGH HIS LAWYER THERE WHO HE SAYS GOUGES HIM FOR LEGAL FEES ANY TIME HE DOES ANYTHING FOR HIM. HOWEVER, HE SAID THAT HE WOULD BE IN MIAMI SOMETIME IN DECEMBER TO SELL HIS LA TSA SHARES AND WOULD MEET WITH SEC THERE IF THEY SO DESIRED. HE MUCH PREFERS A THIRD COUNTRY LIKE PANAMA (HIS FIRST PREFERENCE WAS THAT THE SEC OFFICIALS COME TO COSTA RICA, BUT RECOGNIZED THE LOGIC OF THE ARGUMENT AGAINST THIS) AND WILL BE WILLING TO TRAVEL THERE FOR A MEETING WHENEVR IT COULD BE ARRANGED.

5. COMMENT: PERHAPS A MEETING IN SAN JUAN WOULD MEET ALVAREZ' PREFERENCES WHILE STILL HAVING ADVANTAGE OF BEING ON U.S. SOIL (THIS VENUE WAS NOT DISCUSSED WITH HIM). EMBASSY ASSUMES THAT THERE IS NO WARRANT OF
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ARREST PENDING AGAINST ALVAREZ IN U.S. ON THE OTHER HAND, ALVAREZ IS CONCERNED ABOUT PERSONAL FINANCIAL COSTS INVOLVED IN GETTING TO THE MEETING AND WANTS THEM TO BE MINIMIZED. IF THE SEC WANTS TO MEET WITH ALVAREZ EARLIER RATHER THAN LATER, EMBASSY RECOMMENDS THAT THE PLACE BE PANAMA. IF A DECEMBER MEETING IS SATISFACTORY THEN WE MIGHT PROPOSE SAN JUAN IN ORDER TO AVOID THE PROBLEM ALVAREZ APPARENTLY HAS WITH HIS OWN LAWYER. ALVAREZ SHOULD HAVE A SPANISH INTERPRETER AND WE HOPE ANY MEETING WITH HIM WILL INCLUDE PARTICIPATION OF LAZAR OR

SULLIVAN.
LANE

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